

# **Rebalancing and Integrating the National Security Toolkit**

**Testimony of**

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An Agenda for National Security Reform”**

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Thank you Mr. Chairman for inviting me to testify today. The hearings you are conducting on these issues are critically important to help build an American statecraft fitted to the security challenges this nation faces, so I commend you on your very timely process.

The focus of this hearing is how the nation should approach restructuring the federal government to cope with the foreign policy and national security challenges of the 21<sup>st</sup> Century. There is no question that this is a critical, high priority problem today. The nature of the security dilemmas we face as a nation, which are the dilemmas the world faces, have changed substantially. And our foreign policy and national security institutions are not up to the challenge.

I want to focus today on two dilemmas we face as a nation. First, our civilian national security tools – primarily diplomacy and foreign assistance – are weak, poorly focused, and dispersed. Diplomacy is not adequately linked to foreign assistance, and the foreign assistance agencies are scattered and poorly coordinated. Strategic planning is not used, and both strategy and budget planning are not pulled together. And, they are woefully understaffed and underfunded. As the CSIS Smart Power Commission put it: “Diplomacy and foreign assistance are often underfunded and underused [and] foreign policy institutions are fractured and compartmentalized.”<sup>1</sup>

As a consequence of these internal weaknesses and chronic inattention, we have come to rely excessively, in my view, on the Defense Department and the military services to plan, fund, and carry out our national security and foreign assistance strategy. We urgently need to rebalance the national security toolkit and strengthen, empower, fund, modernize and integrate the civilian instruments to achieve that end.

Once rebalanced, the other dilemma remains: we need to reform and strengthen the interagency coordination of the toolkit so that strategic and policy priorities are clear and the White House can provide clear direction to agencies; so that strategy and budgets are prepared consistent with those priorities; and so that implementation follows from those priorities.

This is a much bigger challenge than the problem of creating adequate civilian counterparts to the military to carry out post-conflict stabilization and reconstruction (S&R) in countries where we have used military force. It is true that the funding, staffing, and implementation weaknesses exposed by the conflicts in Iraq and Afghanistan have highlighted the broader problem and given rise to the urgency of this discussion. Focusing the discussion on S&R needs, however, may be fighting the last war. Meeting that need alone could prove to be a dangerous, even fatal diversion from the restructuring and process reforms we need to deal with a much broader security agenda.

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<sup>1</sup> Center for Strategic and International Studies, Commission on Smart Power, *A Smarter, More Secure America*, Washington, DC: 2007, pp.8,9.

## *Our National Security Challenges are Broad and Diverse*

Our national security structures and processes need rethinking because the broad agenda of global challenges we face exceeds the capacity of existing institutions and processes to plan, fund and implement meaningful solutions. These challenges are far broader than the challenge of providing local reconstruction through a Provincial Reconstruction Team, and we must focus on that broader agenda, lest PRTs become our only answer, and an inadequate one, at that.

The broader challenges include the many dilemmas posed by a globalized economy, communications and information infrastructure. Poverty and inequality are just one of those dilemmas. So, too, are the instability of global financial markets, which we see as the mortgage crisis spread around the world and the dollar decline in value. Equally important, as China and India rise as new powers, their energy consumption, combined with our own consumption of a quarter of the world's energy supplies, are having profound impacts on the price and availability of fossil fuels, adding to globally rising prices. Most recently, the diversion of agricultural production to ethanol-producing crops, has exacerbated a global food crisis, reaching significant proportion today, with destabilizing consequences. We are stumbling, nationally and globally, in the effort to address the challenges of globalization. And we cannot delude ourselves that our "national" economic power will be a tool we can use in dealing with these challenges. As British Prime Minister Gordon Brown put it in a lecture at Harvard last week:

With global flows of capital already replacing the old national flows and global sourcing of goods and services replacing the old local sourcing, national systems of supervision and economic management are simply inadequate to cope with the huge cross-continental flows of capital in this interdependent world.

A companion, and related challenge, is the danger posed by fragile, brittle, and failing (or failed) states, many of them in the Middle East, Africa, and parts of Asia. Governance is a central national security dilemma; the ability of countries to ensure that they can maintain order within their boundaries, while providing for their citizens' needs, and ensure a level of responsiveness to the public that, while it may not be what we would call democracy, is at least representative of public views. Unstable and ungoverned regions of the world, or governance that breaks when challenged, pose dangers for neighbors and can become the setting for broader problems of terrorism and migration. We have diverted our energy into programs to promote democracy, but have yet to develop a comprehensive, civilian-driven, strategy, either nationally or internationally, to strengthen governance around the world and assist stable political transitions.

A third, and equally interdependent challenge is the rising tide of identity conflicts – hatreds between nationalities, ethnic groups, and religious beliefs. These are not restricted to conflict within Islam or the Arab world, but cover a wide range of tensions around the globe. We have no strategy and virtually no programs to cope with this tidal wave of conflict.

A fourth, linked to the others, is the growing agenda of transnational problems that have no “sovereign face,” do not respect national boundaries, and are global in their impact. I speak of the problem of infectious diseases like HIV/AIDS, TB, and Malaria, the growing crisis of global climate change and environmental destruction, migration and immigration in Europe and North America, and conspiratorial organizations that carry out terrorist attacks (and seek major military capabilities, such as nuclear weapons, to do so), narcotics distribution and sales, and criminal activity. We have different programs, some of them overlapping, to cope with these transnational challenges, but do not have a national or global strategy, as yet.<sup>2</sup>

And, finally, there is the challenge of shifting international power balances – the rise of new global actors like China and India, the growing size and importance of the European Union, a resurgent Russia, and rising regional powers such as Iran and Brazil. One-by-one, these rising powers make it clear that if there was an “American Century” or anything remotely resembling “American hegemony,” it is already passing from the stage. Some of these powers possess, and others may wish to possess nuclear weapons, posing a renewed challenge of proliferation. A new international order is emerging. Rather than be mesmerized by our own military power and hubris, we need to attend to the impact of these changes on our national power and our capacity to exercise leadership.

*Are We Effectively Organized to Cope With the Challenges?*

The institutions and processes we are using to cope with these challenges are failing the test today. We are hard pressed to organize new approaches to the problems of globalization and energy resource scarcity. We have proven ineffective, at best, in promoting good governance, let alone democracy, in key regions of the world. We have no strategy, institutions, or programs to deal with identity conflicts and we have no clear strategy to cope with the changing balance of international power. Despite some excellent efforts, the transnational challenges, particularly the danger of terrorist attacks, has not disappeared; in fact, it may be growing.

These are, of course, policy dilemmas, to be answered by policy change. But the best of policies will prove ineffective if we lack the structures, funding, and processes we need to carry them out. My concern today is that our toolkit is chaotic, unbalanced, and poorly integrated. We have neglected the civilian tools for decades, now, and have come to rely increasingly on the military as our default instrument of statecraft.

Our global effectiveness now depends on empowering, funding, modernizing, and integrating the civilian tools, balancing them with our military, intelligence, and homeland security tools, and coordinating all of them in a more effective way. I am going to address four specific dimensions of this need for reform and restructuring:

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<sup>2</sup> The Government Accountability Office concluded, for example, that the U.S. did not have an integrated, cross-agency strategy to deal with terrorism and extremism in Pakistan. See GAO, *Combating Terrorism: The United States Lacks Comprehensive Plan to Destroy the Terrorist Threat and Close the Safe Haven in Pakistan's Federally Administered Tribal Areas*, GAO-08-622, April, 2008.

1. The need to reform, strengthen, fund, and better coordinate the civilian diplomatic and foreign assistance tools;
2. The need to solve our institutional chaos with respect to stabilization and reconstruction programs and capabilities;
3. The growing need to restore civilian leadership, policy-setting and budgeting to our growing portfolio of security assistance programs; and
4. The need for a more institutionalized and integrated interagency and congressional process for dealing with national security decision-making.

### *Diplomacy and Foreign Assistance*

In the five years I spent as Associate Director for National Security and International Affairs at OMB I was responsible for budgeting and planning with respect to all of the national security organizations. I was struck by the fact that 90% of the resources for which I was responsible were spent by the Defense Department, while 90% of my time was spent integrating the planning and budgeting and resolving internal controversies among the civilian diplomatic and foreign assistance agencies. The problems I faced then remain very much the same today:

A “diaspora” of organizations in the budget function 150 world. Although the State Department absorption of USIA and ACDA simplified this world somewhat (with negative consequences for our public diplomacy), the diaspora was exacerbated by the creation of two new foreign assistance organizations – MCC and PEPFAR, one separate from State and USAID, and one inside State but with considerable autonomy in planning and resource management. There are more than 15 agencies and departments within the International Affairs account, alone, and at least 20 other federal departments actively engaged overseas, many of them in our embassies. Multiple reports and task forces have pointed to the problem this poses for integrating U.S. international engagement.

There was no integrated planning or budgeting function for the foreign affairs agencies (known as 150). State RPP tried – but was an office of the secretary, not a standing organization, and it had no reach into any other organization but State and, with tolerance, USAID. DSS Richard Armitage tried to improve on that, creating a Resource Management Bureau, which would integrate operations, foreign assistance, and strategic planning. It made some progress, but relied on his strong leadership to operate. Today, a new approach has been implemented, the “F” process, whose successes and failures I will discuss in a moment.

There were significant human resources issues in the State Department and foreign assistance agencies. There were no incentives at State or in the Foreign Service community to engage in long-term strategic planning and little ability to plan, budget, or manage programs, or to provide overall administration for diplomacy and foreign assistance. There was virtually no training of the Foreign Service in program development, implementation or evaluation; budgeting and strategic planning, contracting, or congressional relations. With all due respect, most Foreign Service professionals saw this committee as their key interlocutor on the Hill, but were professionally unconscious about the appropriations process. They were, and many remain, under-informed about the resource programs operated by State or USAID, let

alone other institutions in the 150 world. USAID and other foreign assistance personnel were in thin supply, overworked, and key functions and program delivery were provided by personal service contractors or contracted out, and continue to be.

This cobbled-together civilian structure will never be able to manage its missions in the 21<sup>st</sup> century world if it is not significantly reformed, better integrated, funded, and staffed than it is today. Ideally, the foreign relations institution of the U.S. government – the Department of State - should provide the strategic vision and integration for these activities. It does not do so today.

To ask that all of our diplomatic and foreign assistance capabilities be placed in a single department is a bridge way too far. In a globalized world, we will never survive with just one channel of engagement. But the diaspora has had an adverse effect on our ability to conduct foreign policy and has contributed to the unbalanced character of our national security toolkit.

The first, and perhaps most important issue involves the integration of foreign assistance as a tool of American statecraft. For decades, as a new assistance requirement emerged, the typical U.S. government response was to create another agency to meet it. Today, if the U.S. is to have a meaningful and effective foreign assistance program it makes sense to integrate at least some of this capability. A more integrated capability needs to be designed that meets the needs of development as a goal of U.S. international engagement, while it also connects our foreign assistance to our foreign policy and national security purposes

There are some who feel that development as a goal of U.S. foreign policy is, and should be, a separate goal from the other objectives of our more than \$25 b. foreign assistance effort. My view is a more comprehensive one. While development is a worthy goal of U.S. foreign assistance, it is only one of our goals, and not the most well-funded, at that.

In FY 2007, for example, roughly 22% of U.S. foreign assistance could be said to have economic development (in a broad sense) as its primary goal. At the same time, 44% of U.S. foreign assistance had a foreign policy or strategic purpose and was connected to U.S. foreign policy goals such as support for democracy in eastern Europe and the former Soviet Union, counter-narcotics, counter-terrorism, peacekeeping training, foreign military training and education.<sup>3</sup> In my view, the development goal ought not be separated from the other purposes of our foreign assistance programs, it ought to be considered an integral part of our overall foreign assistance investment.

While the argument is often made that integrating these programs would mean subordinating development assistance providers to the State Department, which is said to be incapable of managing such programs, my view is that integrating them, as I suggest below, will have the effect of empowering our foreign affairs agency to become a better manager of assistance programs. It is true that assistance programs were largely

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<sup>3</sup> The remainder is the substantial commitment we have made to the Millennium Challenge Corporation and the President's Emergency Program for Debt Relief.

separated from State because the diplomatic community decided, decades ago, that diplomats were not program providers, so other agencies had to do the job.

It is also true that this is changing today, and has been for some years. Today we see a growing “mission creep” inside State, which is planning, budgeting, and managing a growing portfolio of programs in counternarcotics, anti-terrorism, democracy support, and peacekeeping operations support. Rather than strip this activity away from State, it makes sense to recognize this reality, staff it properly, and fund it inside the State Department.

Moreover, a substantial part of the foreign assistance portfolio planned and budgeted by State is actually implemented by USAID, in addition to its own development portfolio. I think it is important not to separate out the USAID portfolio, but to strengthen it, in both dimensions (development, and strategically-driven foreign assistance). And it may well make sense to ensure that the new capabilities of MCC and PEPFAR are included in this capability, not operated independently.

I believe it makes sense to consider a significant reorganization of USAID building on its current capabilities, as the primary planning, budgeting, and implementing agency for U.S. foreign assistance, including both its current development assistance programs, and the more strategically oriented programs. This means strengthening its capacity for planning and budgeting, expanding its staff (a process begun with the administration’s FY 2009 budget request), and integrating its planning activity more closely with the regional and functional bureaus at State.

For this strengthened USAID capability to be linked to our foreign policy and national security policy objectives, there needs to be broad reform and integration at State. Budget and program officials need to be strengthened inside the regional bureaus, allowing them to act as the principal channel for preparing country and regional plans for overall foreign assistance. Ideally, the regional assistance secretaries need to be empowered to oversee not only policy activity in the different regions, but assistance programs, as well, working with the reformed USAID staff on planning, budgeting, and implementation.

The alternative approach, creating a separate Department of Development, is I think ill-advised. Its advocates want to raise “development” to equal status with “diplomacy” and “defense” in U.S. national security policy. But, as I have suggested, “development” is only part of the goal of U.S. foreign assistance policy. The idea of a department has three fundamental weaknesses:

1. It would exacerbate the diaspora of organizations that is the Achilles heel of our civilian toolkit and distance development even further from the foreign policy establishment that should be its greatest advocate. At the cabinet level, it would create severe coordination problems between a powerful Secretary of State and a weaker, smaller cabinet office in charge of development.

2. It would leave the rapidly growing, strategically-driven foreign assistance programs (FMF, INCLE, NADR, IMET, ESF, FSA, SEED, PKO) caught between a weakened development assistance organization and a historically powerful traditional diplomacy architecture. They would need to be incorporated into the new Department, which would divert that Department from its development mission and would break the link between these programs and their strategic planners at State. Or, if the new department were to remain a purely development organization, one would have to create yet another organization inside State to plan, budget, and implement the strategic programs, which would exacerbate the dispersal of capabilities in our foreign policy establishment, further weakening its effectiveness.
3. It would expose development funding to a serious risk of budget reductions. While foreign assistance funding has substantial public support, it is not as salient to most Americans as it is to the small community of development organizations. And it has never had widespread strong support in the Congress. Separate from the State Department, moreover, it is not a given that the Secretary of State would provide the same support for development funds, support that has been important in raising development funds up to now. The long-term risk is that support for a “development only” program falters and the program is cut, not expanded.

Reforming and integrating foreign assistance in the way I propose also suggests it is very important not to throw out the recent reforms that created the Director of Foreign Assistance and the “F” bureau. The State Department’s budget planning process has a troubled history, especially when it comes to trying to integrate planning and budgeting for international affairs. The “F” process, created in 2005, had many flaws, many of them reparable. In its first round, it was very top down, inadequately incorporating the views and recommendations of embassies and field missions. It was not adequately transparent to the Congress or interested parties outside the government. The “framework” with which the F organization worked was more mechanical and less supple than it needed to be. It did not have adequate reach to the broader range of foreign assistance programs, especially at MCC, PEPFAR, and Treasury. And it did not succeed in meeting the goal of longer-term planning, badly needed in our foreign assistance and diplomatic agencies.<sup>4</sup>

All of these weaknesses of the F process are fixable; none of them are fatal. The second year of the “F” effort has seen improvements in transparency, less rigidity in the framework, and substantially greater involvement of the field. But eliminating F and going back to business as usual (let alone inventing a new department) would be a mistake, and would waste valuable months or years of time in the new administration, before an effective assistance program could be created. The strength of the F process was that it represented the first, even semi-institutionalized effort I have seen at State to integrate planning and budgeting for foreign assistance, at least across those programs

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<sup>4</sup> For an interesting discussion of these weaknesses, see Gerald F. Hyman, “Assessing Secretary of State Rice’s Reform of U.S. Foreign Assistance,” Carnegie Paper No.90, Carnegie Endowment for International Peace, February 2008.



over which the Secretary of State had authority, and to do so reflecting a sense of U.S. strategic priorities. We should all be able to agree that this is a worthy objective.<sup>5</sup>

Instead, I recommend building on the F model, and integrating that capability into State more fully, as part of the transformation of USAID, and along with stronger planning and budgeting capabilities in the regional bureaus. I would also suggest that State use its existing authority to appoint a second Deputy Secretary of State to institutionalize the responsibility for overseeing internal State Department operations and foreign assistance planning. A new Undersecretary for Foreign Assistance could replace the position of Administrator of USAID and, together with the existing Undersecretary for Management could report to the Secretary through this Deputy.

In addition, I believe it will be increasingly important for the Department to address the human resource dimension of this question. While I cannot go into length on this issue here, staffing, training and human resource issues, along with funding levels for diplomacy, public diplomacy, and foreign assistance, are the centerpiece of a study we are conducting at the Henry L. Stimson Center, supporting a project of the American Academy of Diplomacy focusing on Function 150 needs for the next administration. For State to be fully capable of integrating diplomacy and foreign assistance, it is now urgently important to rethink the initial and mid-career education and training provided all foreign affairs personnel. This should include particular attention to training in strategic planning; program planning, implementation, and evaluation; budgeting; and the Washington, DC policy process, as integral part of a career in foreign affairs.

A fully integrated and empowered foreign assistance planning and budgeting capability inside the State Department, along with human resource reforms, would help address the strongest criticism currently offered of the existing State Department – its incapacity to manage program effectively or to integrate program with policy. It would empower the civilian diplomatic and foreign affairs tools, helping them increase their funding and implement civilian aspects of U.S. national security strategy. And with reform and greater funding on the civilian side, there would be a more effective balance in the national security toolkit, a balance that is missing today.<sup>6</sup>

#### *Stabilization and Reconstruction/The Problem of Fragile States*

Although S&R missions are not, and should not, in my view, be the centerpiece for reforming the civilian tools of statecraft, they remain a focus of attention today. Rather than deal with these missions as a focus, I prefer to see them in the context of the larger

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<sup>5</sup> For an expansion of these views, see Gordon Adams, “Don’t Reinvent the Foreign Assistance Wheel,” *Foreign Service Journal*, March 2008, pp.46-50

<sup>6</sup> A recent paper from the National Defense University’s Institute for National Strategic Studies concluded: “The systematic underfunding of State and USAID is the single greatest impediment to the effective planning and execution of developmental assistance, reconstruction, and stabilization. State cannot be equipped only with good ideas while Defense has all the money and most of the deployable assets. This is a prescription for an unbalanced national security policy, one in which State will not be a mature player or will have to savage its worldwide diplomacy to keep up with operations in conflict areas.” Joseph J. Collins, “Choosing War: The Decision to Invade Iraq and Its Aftermath,” Occasional Paper No.5, NDU/INSS, April 2008.

issue of governance. The question is how we need to structure the executive branch to deal with this broader issue, including having the capability to provide a civilian component for interventions by the U.S. military.

Unless we take this broader perspective, I believe, we are in serious danger of “fighting the last post-war.” Because the post-combat situations in Iraq and Afghanistan have not gone as predicted, or especially well, we have a growth industry in Washington, DC seeking to strengthen the civilian capacity for stabilization and reconstruction, but it is focused on how the civilian tools complement the military in situations where U.S. forces have been deployed. This short-term, pressing issue risks leading us down an expensive and counterproductive path toward creating a very large, very expensive capability for civilian intervention. We could have that capability and find ourselves unlikely to use it in any near-term future. Or we could find that having it, and using it, in conjunction with the use of military force, proves counter-productive overseas because it is unwelcome.

If we focus on fragile, failing and brittle states, however, it is clear that these are a major security concern, not only to the United States, but to other nations and regions. Even if the U.S. is not intervening with military force, or is only part of the response to such a problem, the governance issue is an international security problem to which we, along with other countries and organizations, will need to respond. It is equally clear, given recent experience, that we lack the capacity, acting largely alone, to “build” another nation, democratic or otherwise, and are not always welcome in trying to do so. It may be beyond the capacity of any country to build the kind of state it wishes to see in somebody else’s territory.

That said, we are manifestly chaotic in the way we have organized the government to provide even the minimal capability to support the restoration of effective governance in countries that are in trouble, the narrower S&R mission. The capacities that exist we have built in small packages or on the fly. Today, however, I count at least six programs and offices that have some responsibility for this problem:

1. Provincial Reconstruction Teams (PRT): a “built in the field” program in Afghanistan and Iraq, funded from multiple spigots, thinly coordinated, and not strategically planned. The Investigations subcommittee of the House Armed Services Committee recently reported that the PRT effort is largely *ad hoc* in nature: The PRTs “are not subject to a unified or comprehensive plan for stability, security, transition, and reconstruction in either Iraq or Afghanistan....The relevant departments have not articulated clear objectives for what they want PRTs to do, and they cannot effectively evaluate their performance....“There is no clear definition of the PRT mission, no concept of operations or doctrine, no standard operating procedures.... The funds are not controlled or coordinated centrally; rather, different agencies control the different funds”<sup>7</sup>

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<sup>7</sup> U.S. House of Representatives, Armed Services Committee, Subcommittee on Oversight and Investigations, “Agency Stovepipes v. Strategic Agility: Lessons We Need to Learn from Provincial Reconstruction Teams in Iraq and Afghanistan,” April 2008, pp.16,18,23.

2. The Commander's Emergency Response Program (CERP) DOD created in Iraq and now operating in Afghanistan. CERP provides some of the PRT's most flexible and agile funding, but is also widely used for other purposes, some of which are quite similar to development assistance.
3. The Combatant Commander's Initiative Fund (CCIF). CCIF is a long-standing, small source of funding for small local initiatives, but its authority has been expanded to cover stabilization and reconstruction activities. The Pentagon seeks \$100 million for this fund in the FY 2009 budget.
4. The Office of Transition Initiatives (OTI) at USAID also targets transitional governance and early stabilization programs in countries emerging from conflict, including activity in Iraq and Afghanistan. OTI remains a small fund, however, at \$40 million in the FY09 budget request.
5. The Office of the Coordinator for Reconstruction and Stabilization (S/CRS). S/CRS was created in 2004 and empowered by the White House through NSPD-44 in late 2005 to coordinate government-wide planning for S&R operations (outside of Iraq and Afghanistan), to develop a matrix for anticipating such crises, and to create an active, stand-by and reserve corps of civilian specialists for such missions in the future. The FY 2009 budget seeks \$248 m. to create a standing S/CRS capability for such missions, and another 210 positions to fulfill these new missions.
6. The Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) program at DOD has also been given more resources to provide assistance for stabilization and reconstruction operations. DOD has sought an expansion of the ODHACA authority to include stabilization activities.

This institutional diaspora is chaotic. The policy intentions for the use of these capabilities are unclear. The leadership of the USG effort for such missions is unclear and *ad hoc*, and the links between such operations and long-term U.S. national security objectives is rarely specified. Is it our intention to centralize the civilian S&R effort in S/CRS? Then what is the fate of OTI, whose small program overlaps with S/CRS? Is the S/CRS capability we are developing to be large, or limited in size and scope? What is its relationship to the broader, and better financed U.S. effort to support effective governance through USAID development assistance, Economic Support Funds (including democracy support at State), and the programs of the Millennium Challenge Corporation.

Developing this capability raises significant, broad policy dilemmas. Does the United States intend in the future to engage in large-scale, unilateral overseas nation-building, similar to the largely failed exercise in Iraq? Many analysts think we must be prepared to carry out such missions in the dangerous world in which we live. Allow me to be skeptical. The United States has performed this mission poorly in its last two major efforts – Vietnam and Iraq – and is at risk of failing in Afghanistan. The appetite for a major unilateral intervention of the Iraq kind is not likely to be large, either in the military or with the American people. The requirement, then, for a large S&R capability

– a kind of Colonial Office – also seems to me unlikely to grow. We are more likely to be entering a world where fragile and failing states may not welcome such an intervention, in any case, or welcome it only in international clothing, not in an American uniform or civilian suit.

The twin reality that we will have a lower appetite and the world may prefer an international capability suggests that the capability we require may be less than the ambitious plans being made across Washington, DC, in think tanks, the military, or even in the State Department. But a smaller capability could be an important contribution the U. S. could make to a broader international effort to deal with the problem of failed or fragile states.

The primary policy leadership for this capability should be in the State Department, not the Defense Department. What the Congress might want to consider is a small, civilian contingency capability at State/USAID with flexible contingency funding (and close congressional oversight) to provide assistance to countries in distress, either after conflict or when government collapse is imminent. That capability could and, in my view, should work closely with allied nations, governments in the region, and international organizations, to strengthen local governance and reconstruction capabilities.

This capability can be built through the current S/CRS structure or the flexible, but small OTI capability currently existing at USAID. There is no reason for two such capabilities at State/USAID. I seriously question whether there is a need to expand or make permanent the CERP at the Defense Department; it was a funding program developed and intended for local commanders in combat zones in Iraq and, later, Afghanistan. Unless the Congress foresees a major U.S. combat force deployment in another country where an occupied zone only permits U.S. military forces to operate safely, or Congress sees the military as uniquely capable of reconstruction assistance, it is wise to restrict CERP to the two current theaters of operation, and as a temporary authority.

The same reasoning applies, I think, to PRTs. While useful in Iraq and Afghanistan, this joint civil-military operating capability may be neither appropriate, nor welcome, in other parts of the world. A small, stand-by capability at State/USAID, training regularly with DOD, may be adequate for future contingencies, especially if it also trains and operates with other, non-American countries and organizations. Equally, it seems to me unwise to expand funding and authority for the CCIF program if the primary responsibilities in this area are to be covered by a civilian capability. Likewise, there is no need to expand DOD's OHDACA authority to include post-conflict reconstruction and stabilization.

#### *Defense's Role in Security and Foreign Assistance*

The discussion of S&R capabilities reflects a larger dilemma in strengthening and empowering the civilian tool of statecraft: the broader expansion of DOD authorities and programs that parallel important civilian programs and activities. This includes not only CERP, but the security force train and equip programs under Section 1206 of the National Defense Authorization Act, as well as the Coalition Support Funds (CSF) provided by DOD, and the Counter-terrorism Fellowship Program (CTFP).

Over the past two decades, but particularly over the past seven years there has been a continual expansion of security and foreign assistance programs being carried out through the Department of Defense. Many of these programs are parallel to the existing architecture of programs planned and budgeted through the Department of State, and implemented, in some cases, by DOD. While some of these programs pre-date the attacks of 9-11, most of them were created in response to terrorist attacks and the on-going conflicts in Afghanistan and Iraq. These programs include:

1. The train and equip program for Afghani and Iraqi security forces, created in 2004;
2. The global train and equip program for security forces, known as the Section 1206 authority, created in 2006;
3. The Commander’s Emergency Response Program, in Iraq and Afghanistan, created in 2003;
4. Coalition Support Funds, which reimburse countries providing assistance for counter-terror operations, created in 2002 under existing DOD authorities; and
5. The Combating Terrorism Fellowship Program, providing counter-terrorism education and training for foreign militaries, created in 2002.

Over the past seven budget years, Congress has appropriated nearly \$40 b. for these new security assistance programs, nearly \$29 b. of that for the Iraqi and Afghani T&E program, alone (See Table).

Table I

New DoD Security Cooperation and Foreign Assistance Programs			
Name	FY 2002-FY 2008 DoD Total (\$ in millions) <sup>8</sup>	FY 2009 Budget Request (\$ in millions)	Parallel Traditional SA Programs <sup>9</sup>
Train and Equip (T&E) Funds for Afghan and Iraqi Forces	\$28,849	\$1,850*	FMF, IMET
Section 1206 Authority: Global Train and Equip	\$500	\$750	FMF, IMET
Commander’s Emergency Response Program (CERP)	\$3,713	\$1,500	USAID-OTI/OFDA and State MRA
Coalition Support Funds (reimbursements to coalition partners)	\$6,595	?	ESF
Combating Terrorism Fellowship Program (CTFP)	\$97.9	\$35	IMET

\* FY 2008 Pending Supplemental Request

Each of these programs duplicates in some way existing security assistance programs that are planned and budgeted through the Department of State under the authorities of the Foreign Assistance Act, implemented (in some cases) by the Department of Defense, and funded through the International Affairs function of the federal budget. Many CERP-

<sup>8</sup> These figures were compiled from defense authorizations, appropriations and supplemental bills between FY 2002 – FY 2008.

<sup>9</sup> Acronyms: OTI=Office of Transition Initiatives (USAID); OFDA=Office of U.S. Foreign Disaster Assistance (USAID); MRA=Migration and Refugee Assistance (State).

funded programs are similar to USAID's development assistance programs, as well as Economic Support Funds (ESF) planned by the State Department and implemented largely by USAID. Coalition Support Funds are, in effect, budget reimbursement/subsidy programs similar to some of the uses of ESF. Train and Equip programs are a more agile and flexible version of programs carried out through Foreign Military Funding (FMF). The CTFP is very similar to and implemented using the structure and processes of the International Military Education and Training program (IMET).

For two of them – the CERP and Section 1206 – the Department of Defense has sought permanent authority under Title 10 of the U.S. Code, rather than temporary authority under defense authorization acts. DOD also seeks to increase the funding level for Section 1206 train and equip from \$300 million to \$750 million; wants to extend the coverage of the program to allow training for internal security forces; and seeks the authority to waive the restrictions of the Foreign Assistance Act. To quote Secretary of Defense Robert Gates from last week's hearing on the Section 1206 program before the House Armed Services Committee:

In my view, building partner capacity is a vital and enduring military requirement – irrespective of the capacity of other departments – and its authorities and funding mechanisms should reflect that reality. The Department of Defense would no more outsource this substantial and costly security requirement to a civilian agency than it would any other key military mission.<sup>10</sup>

The expansion of DOD foreign and security assistance activity is noticeable. According to data supplied by the U.S. government to the Development Assistance Committee of the Organization for Economic Cooperation and Development, the U.S. Defense Department provided 7% of overall U.S. development assistance in 1998, a share that had risen to nearly 22% in 2005. While a significant part of this assistance was related to U.S. operations in Iraq and Afghanistan, it excluded the military's train and equip programs. Had they been included, the share of U.S. bilateral assistance would have been significantly higher.

It is important for the Congress and for this committee to take a close look at these programs and authorities, before it moves down the road to providing permanent authorities for the Department of Defense to carry out such central responsibilities with respect to national security policy. While it is understandable that DOD would focus on what it needs to perform its missions in Iraq and Afghanistan and with respect to combating terrorist organizations, the central direction of U.S. foreign and national security policy is not the responsibility of the Defense Department. It is the responsibility of the White House and the Department of State.

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<sup>10</sup> Secretary of State Condoleezza Rice's endorsement of the Section 1206 authority at the same hearing was slightly more restrained: "Let me underscore that this is not a substitute for more robust funding for security assistance accounts, but we strongly advocate continuing these important contingency authorities and they are the additional tools that we need to meet emergence exigent problems that very often emerge out of budget cycle."

There are serious down-side risks, in my judgment, to continuing this trend.<sup>11</sup> First, continuing this trend imposes a severe cost on the military. It expands their roles and missions at a time when they are already stretched carrying out their core functions. The governance and economic development of other countries is not a core military mission. Taking responsibility for such missions greatly expands the training, requirements, and operations of our military forces. While many soldiers and officers have been carrying out such tasks in Iraq and Afghanistan with the best will and effort they can muster, these are not core military skills. Relying heavily on the military for missions that are, at their core, civilian missions, stresses the forces even further. Moreover, in many of these cases, the funding for security assistance programs is drawn from DOD operating funds, competing with the support DOD must provide for troops operating in the field.

Second, assuming that only the military has the funding and organization to carry out such missions and should, therefore, be given the permanent authority to do so not only duplicates civilian programs and capabilities, but has the effect of further weakening the civilian toolkit that currently exists. Our development and diplomatic tools have already been weakened by fiscal neglect and inattention, a situation of great concern to this committee. Expanding the military's role makes the weaknesses of the civilian tools a self-fulfilling prophecy. They become even less coherently organized, funded or staffed for the responsibilities they should have. Why bother fixing the civilian tools when we can just ask DOD to do the job?

Third, assigning these responsibilities to the military reduces their visibility to the Congress and the oversight such programs need to have on a regular basis. While large in relation to the International Affairs budget, funding for these activities is swamped in the broader defense budget, leaving little time for authorizing or appropriating staff to provide proper oversight.

Fourth, and perhaps most serious, relying increasingly on DOD and the military for these functions puts a uniformed face on the U.S. international engagement. While we can honor the military for the many roles they play overseas in promoting America's interests, this expanded military role is not always viewed benignly outside the U.S. A growing foreign assistance role for our military sends the wrong message, one that could even prove counter-productive for our international image and our long-term interests and goals.

As the CSIS SMART Power Commission report noted: "The Pentagon is the best trained and best resourced arm of the federal government. As a result, it tends to fill every void, even those that civilian instruments should fill."<sup>12</sup> If we truly believe that the civilian instruments can fill this role, we should be empowering them to do so, not allowing this drift to continue.

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<sup>11</sup> For additional discussion of this issue, see Center for Strategic and International Studies, *Integrating 21<sup>st</sup> Century Development and Security Assistance*, Task Force Report, January 20

<sup>12</sup> Center for Strategic and International Studies, Commission on Smart Power, *A Smarter, More Secure America*, Washington, DC: 2007, p.8.

I am not saying the military has no role to play in security assistance; to the contrary, because of its unique knowledge, technology, and skills, the military and DOD are a key implementer of security assistance. They have done so for years with the FMF, FMS, and IMET programs. But they should be doing so under the policy direction and budget planning of America's foreign policy agencies, which are responsible for and attentive to the overall relationship between the U.S. and the recipient country.

If the civilian responsibility for stabilization, reconstruction, and governance needs reform, empowerment, staffing and funding, then that should be the focus of our investment. The military's role should be restricted to delivering assistance under its own authorities to support activities that are clearly short-term, humanitarian, emergency-based, and in areas where the security environment does not permit civilian operations. CERP authorities should be temporary, and restricted to these uses, not global and in areas where security is not an issue.

Funding and skill training at State and USAID need to be adequate to enable them to provide such support – especially for governance and economic reconstruction and development – which is clearly core to their mission. This committee will want to examine the relationship between USAID's development programs, Office of Transition Initiatives (OTI), Office of Foreign Disaster Assistance (OFDA), and the growing capabilities of the Coordinator for Reconstruction and Stabilization, as well as the funding levels needed for these programs.

If fellowships to combat terrorism are an important part of the U.S. program for educating officers of foreign militaries, it should be integrated into the IMET program, under the Foreign Assistance Act and the authorities of the Secretary of State, and implemented, as it is today, through the Department of Defense.

If budgetary reimbursement to countries such as Pakistan and Jordan for support they provide for U.S. counter-terrorist operations is a priority, the strategic decision to provide such support should be made under the Secretary of State's authorities, in coordination with the Secretary of Defense, not the other way around. The funds should be budgeted and provided through the International Affairs accounts, as ESF is today. Foreign Service officers abroad should be adequate in numbers and properly trained, to examine reimbursement requests in cooperation with defense attaches in the embassies, and verify the activities for which reimbursement has been provided.

If the U.S. needs a train and equip capability that is agile and flexible, and can meet the needs of allied and friendly military forces, then we should be designing such a tool, based on reforming the existing FMF program. One option for providing more flexible global train and equip support would be to provide it through a "drawdown" authorized by the President on the recommendation of the Secretary of State. This would be a simple fix, and provide adequate flexibility to permit such a program on shorter notice than the current FMF process. It may be sensible, however, to retool and adequately fund FMF authorities to provide such programs. The right answer is not to turn the policy and budgeting responsibilities over to the Department of Defense. Even with the existing "dual-key" arrangement for Section 1206, the initiative for a program lies with DOD



under current temporary authorities. The initiative should lie with the department that has responsibility for our overall relationship with other countries and can set the desirability of a T&E program in the framework of our broader strategic and foreign policy purposes.

Little would change operationally by putting this authority under the leadership of the State Department. State and Defense could continue to consult and coordinate in the definition and adjudication of programs.<sup>13</sup> They could be implemented through the same processes as those used for FMF programs today, with a continuing role for the Defense Security Cooperation Agency (DSCA). In the long term, a careful reshaping of our training and equipping programs requires the combination of both departments. As ranking minority member Duncan Hunter put it at last week's House Armed Services Committee hearing: "the long-term answer must reflect an integrated approach to foreign assistance and not simply a shift in those types of missions to U.S. military forces."

In the end, the foreign/security assistance issue comes down to the question of balancing the toolkit between Defense and State responsibilities. The current trend shifts this balance significantly to the Defense Department. It is critical to consider how we shift the balance back, strengthen, fund and empower the civilian tools, and provide the broader policy oversight for which the State Department should be responsible.

#### *Interagency Coordination*

The remaining issue I want to discuss is the integration of the national security policy toolkit at the White House level. One of the most evident problems of the past twenty years is the absence of a modern mechanism to integrate national security policy-making, planning, and budgeting across the responsible agencies. Here, too, the issue has been too narrowly framed by the problem of stabilization and reconstruction operations. The urgency of the S&R need and the lessons of Iraq and Afghanistan have displaced attention from the more basic question of whether our national security machinery needs fundamental reform to cope with the broader challenges of the 21<sup>st</sup> century I outlined at the start of my testimony.

I believe it does, and I commend the many efforts underway in Washington today, including the one led by my colleague Jim Locher, to shape new concepts for interagency work on national security issues. I have only a few comments to offer here.

First, we need to acknowledge that the current interagency process is flawed. Every new administration comes to office, as we did in 1993, assuming that the interagency process would serve their needs. And every administration discovers that it has to reinvent the interagency wheel. The national security strategy is drawn up every four years, but rarely provides clear guidance for the national security decisions that are made. Crises are dealt

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<sup>13</sup> The first year of the 1206 program saw uneven cooperation between State and Defense, with adequate coordination taking place less than half of the time, according to the Government Accountability Office. This coordination process has reportedly improved. See GAO, "Section 1206 Security Assistance," *Briefing for Senate Foreign Relations Committee Staff*, December 14, 2006. However, according to Secretary Gates, the proposals for 1206 programs "emanate entirely from our combatant commands," not from State Department personnel. Response to question from Rep. Hunter, April 15, 2008.

with *ad hoc*, rather than through a systematic process, leaving only a faint learning curve behind to guide the administration through the next crisis. Agencies defend their turf and, without strong leadership at the center, resist entreaties to work together.

The White House tries to bend the system into an operating process through coordination, czars, or temporary coordinators.

Second, there is now a wealth of thinking about what to do to try to fix these problems. The Center for Strategic and International Studies has provided serious thinking and proposals on the subject through its Beyond Goldwater-Nichols project. My colleague Cindy Williams and I have amplified that work over the past two years, focusing particularly on planning and resource issues. The Intelligence Reform Act of 2004 provided a prototype of a new interagency approach – the tasking to the National Counterterrorism Center to design an integrated strategy and guidance for combating terrorist organizations. While imperfect, this effort made real progress in shaping guidance for agencies in this key policy area.

Third, in thinking through how to strengthen the interagency process, it is important to set aside the shibboleth that the National Security Council “must not become operational.” Asking the NSC to play a more active and concerted role in interagency strategic planning and in providing agencies with guidance is not the same as making it “operational.” Implementing programs and policies is and remains the task of agencies.

But I believe it is critical for the NSC, and for OMB at its side, to play a more active role than it has in the past in providing strategic planning and guidance. There are several key elements of such a role that are worth consideration:

- A Quadrennial National Strategy Review (QNSR), led by NSC and OMB, with full agency participation;
- A biennial, classified National Security Planning Guidance (NSPG) to agencies. This could be provided not for every area of national security policy, but for those areas that are chosen as priority foci of an administration’s long-term national security strategy, such as governance and democracy promotion, post-conflict stabilization and reconstruction, global poverty reduction, environment, counter-terrorism, or non-proliferation policy.
- A full partnership between the NSC and OMB in coordinating that guidance. This means “powering up” both organizations with additional staff, seasoned in long-term strategic and budgetary analysis and planning, a capability neither has at the moment.
- Full agency participation in and support for this biennial guidance planning process, and full follow-through by OMB on the implementation of the guidance in agency budget planning.

- The preparation of a single, annual document presenting the administration’s national security program and budget request to the Congress. This document – a “national security budget” – should include the resources being sought to support the strategy by all the relevant national security departments – State/USAID (and all of function 150), Defense (and intelligence), and Homeland Security.
- A rewrite of NSPD-44 by the next administration to task the NSC and OMB more centrally for the coordination of interagency planning for complex contingency operations. This would bring true interagency attention and authority to the planning process it does not currently have.
- Integration of the Homeland Security Council into the NSC, to bring the two processes into closer relationship than they are today.

Fourth, the Congress can play an important role in this reform, including doing everything it can to reshape its own work around a more integrated process:

- Reform the budget process to consider national security in its entirety, as part of the work of the Budget Committees, including considering all national security spending by the relevant departments together. This would mean setting Functions 050 and 150 together in hearings on the budget. And it would mean creating a budget function for Homeland Security, which it does not now have.
- On key issues of the national security program, holding joint hearings between the relevant authorizing committees, to put parts of the program and spending portfolios together and explore the synergies.
- Find ways in the appropriations process to explore how national security budgets might be considered together, in the process of setting out 302(b) allocations to appropriations sub-committees.
- Work with the administration to find ways to provide greater flexibility within and across agency budgets, reduce earmarks on foreign assistance funds, and allow greater use of contingency funds, linked to the reporting and review requirements that would reassure the Congress that such flexibilities were being executed responsibly.
- Establish in statute a requirement for a QNSR, NSPG, and the integrated national security budget document.

### *Conclusion*

I have offered a broad range of proposals and suggestions for reform. They are not cast in stone, but it is vitally important that the Congress and the next administration be thinking now about how to transform the national security planning system and rebalance the toolkit of statecraft. No structures or policy processes are perfect, nor can they guarantee good leadership or 100% successful decisions. But our toolkit is increasingly out of balance today. The civilian institutions urgently need empowerment, reform, funding, and coordination. And the interagency process in place today does not serve the nation well. A strengthened civilian toolkit and a more institutionalized process will provide the next administration with the opportunity to carry out a more balanced and integrated approach to the broad agenda of security problems we face.